Highlights

Overview

This issue of the *Natural Gas Monthly* contains estimates through September 1999 for many natural gas data series at the national level. Estimates of natural gas prices are available through June 1999 for most series. Highlights of the most recent data contained in this issue are:

- Dry natural gas production for January through September 1999 is 170 billion cubic feet (1 percent) lower than in 1998 during the same period, but net imports are 238 billion cubic feet (11 percent) higher than last year.
- End-use consumption of natural gas for January through September 1999 is 105 billion cubic feet (1 percent) higher than in the same period of 1998.
- The amount of working gas in underground storage facilities at the end of September 1999 is 2,956 billion cubic feet, nearly the same as in 1998. One month remains in the storage refill season.
- The national average natural gas wellhead price in June 1999 is $2.09 per thousand cubic feet, 6 percent higher than in June 1998. However, cumulatively through June, the wellhead price is $1.89 per thousand cubic feet, 8 percent lower than in 1998.

Supply

Cumulative dry natural gas production for the first three quarters of 1999 is 1 percent below that of 1998 during the same period. Net imports have increased during the period, thus supplies have met the small increase seen in demand for natural gas. Cumulative dry production for January through September 1999 is estimated to be 170 billion cubic feet (1 percent) lower than in 1998 (Table 1, Figure HI1). Estimated production during September 1999 is 1,546 billion cubic feet, or 51.5 billion cubic feet per day, nearly the same rate as in August 1999 and in September 1998. The largest difference in production rates between 1998 and 1999 occurred in January. The January 1999 rate of 51.0 billion cubic feet was 3 percent below the January 1998 rate of 52.7 billion cubic feet per day. Since June, monthly production during 1999 has been within one-half percent of the 1998 levels.

Cumulative net imports of natural gas through September are estimated to be 238 billion cubic feet (11 percent) higher in 1999 than in 1998. During September 1999, net imports are estimated to be 281 billion cubic feet (Table 2), or 9.4 billion cubic feet per day. Thus far, net imports each month during 1999 have been from 7 to 14 percent higher than in 1998.

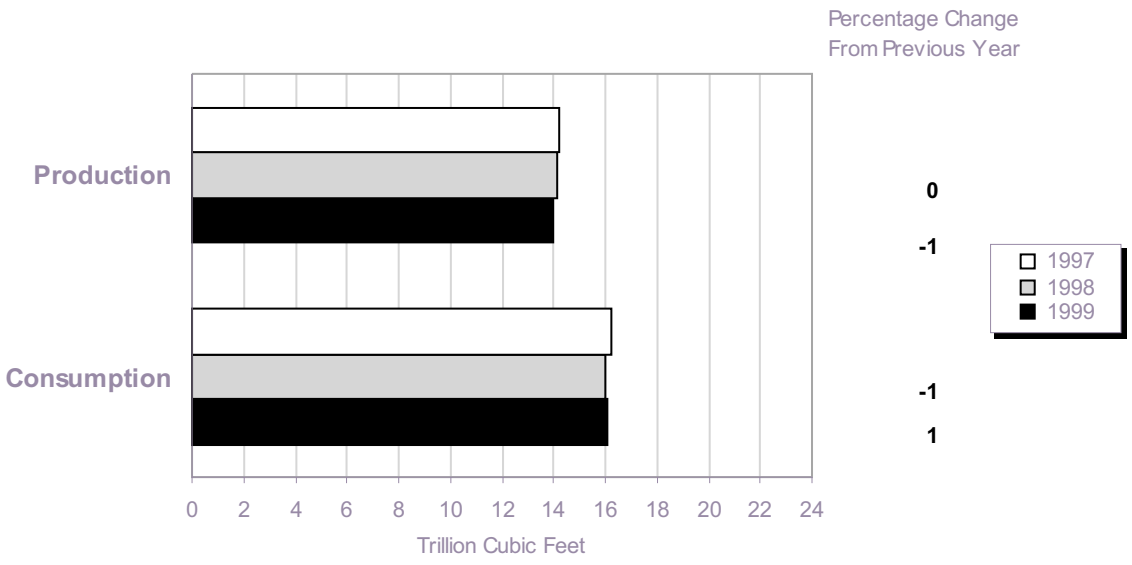
With 1 month remaining in the storage refill season (April through October), working gas in underground storage facilities is estimated to be 2,956 billion cubic feet at the end of September 1999 (Table 10). Thus, working gas should exceed 3,000 billion cubic feet by the beginning of the 1999-2000 heating season on November 1. The September 1999 estimate of working gas is 7 billion cubic feet higher than in September 1998 (Figure HI2). Net injections during September 1999 are estimated to be 336 billion cubic feet. This is 48 percent higher than in September 1998, but is equal to the level of injections during September 1997.

End-Use Consumption

Cumulative end-use consumption of natural gas for the first three quarters of 1999 is estimated to be nearly 1 percent higher than during the same period of 1998 (Table 3). The increase is the result of higher consumption during January and April when the 1999 levels exceeded those of 1998 by 5 and 4 percent, respectively. Monthly end-use consumption from June through September has been from 1 to 2 percent lower than in 1998.

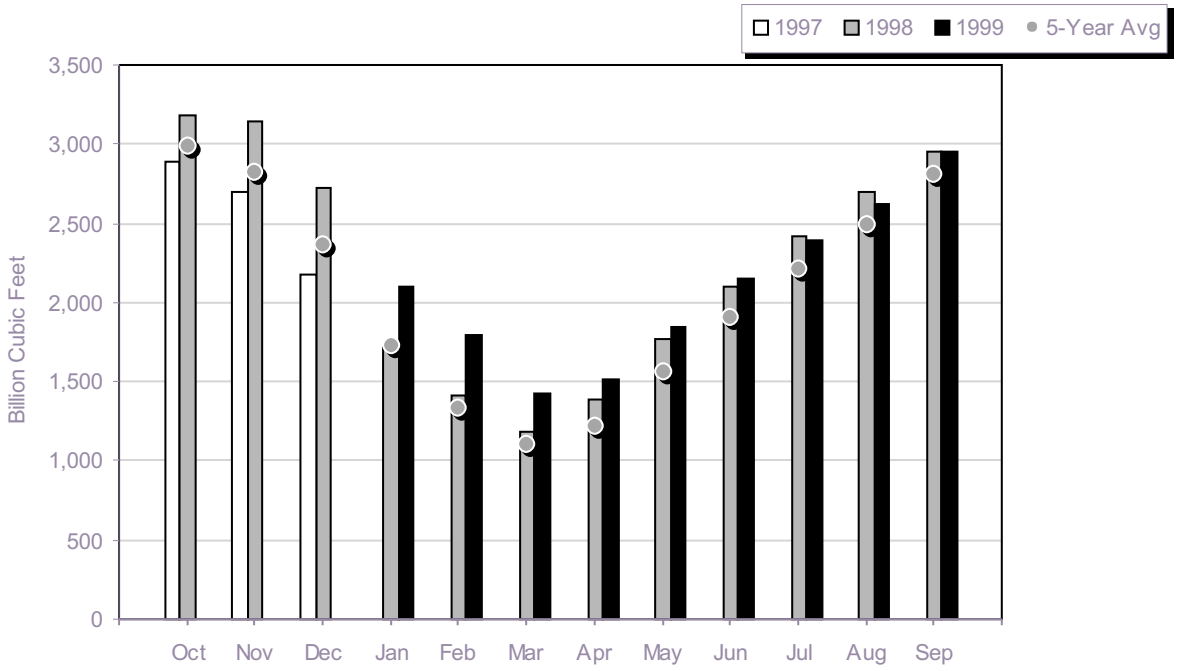
From January through September 1999, residential users have consumed an estimated 3,423 billion cubic feet of natural gas, 142 billion cubic feet (4 percent) more than in 1998 (Figure HI3). Commercial con-

Figure HI1. Natural Gas Production and Consumption, January-September, 1997-1999



Source: Table 2.

Figure HI2. Working Gas in Underground Storage in the United States, 1997-1999



Note: The 4-year average is calculated using the latest available monthly data. For example, the December average is calculated from December storage levels for 1994 to 1998 while the January average is calculated from January levels for 1995 to 1999. Data are reported as of the end of the month, thus October data represent the beginning of the heating season.

Source: Form EIA-191, "Underground Natural Gas Storage Report," Form EIA-176, "Annual Report of Natural and Supplemental Gas Supply and Disposition," and Short-Term Integrated Forecasting System.

sumption reached an estimated 2,296 billion cubic feet during the same period in 1999, 71 billion cubic feet (3 percent) higher than in 1998.

Consumption of natural gas by the industrial sector is lower during the first three quarters of 1999 than in 1998, but the decline is somewhat less than had occurred the previous year. Through September 1999, industrial consumption is estimated to be 6,280 billion cubic feet, 92 billion cubic feet (1 percent) lower than in 1998. In comparison, consumption during the first three quarters of 1998 was 216 billion cubic feet (3 percent) lower than during the same period of 1997.

Estimates of monthly consumption of natural gas by electric utilities are available through June 1999. Consumption had been higher than in 1998 from January through April (35 percent higher in April), but levels for May and June are estimated to be 6 and 15 percent lower, respectively. Cumulatively for the first half of the year, electric utility consumption of natural gas is estimated to be 1,389 billion cubic feet, 31 billion cubic feet (2 percent) higher than in 1998.

Prices

Estimates of natural gas prices are available through June 1999 for most price series. Nearly all monthly wellhead and end-use prices have been below those of 1998. For January through June 1999, the average wellhead price is estimated to be $1.89 per thousand cubic feet, $0.16 per thousand cubic feet (8 percent) lower than in the first half of 1998 (Figure HI4, Table 4). Wellhead prices earlier in the year were 10 to 18 percent lower than in 1998, but the estimates for May and June 1999 are 3 and 6 percent higher than in 1998, respectively. The estimated city gate price for the first half of 1999 is $2.91 per thousand cubic feet, $0.25 per thousand cubic feet (8 percent) lower than in 1998.

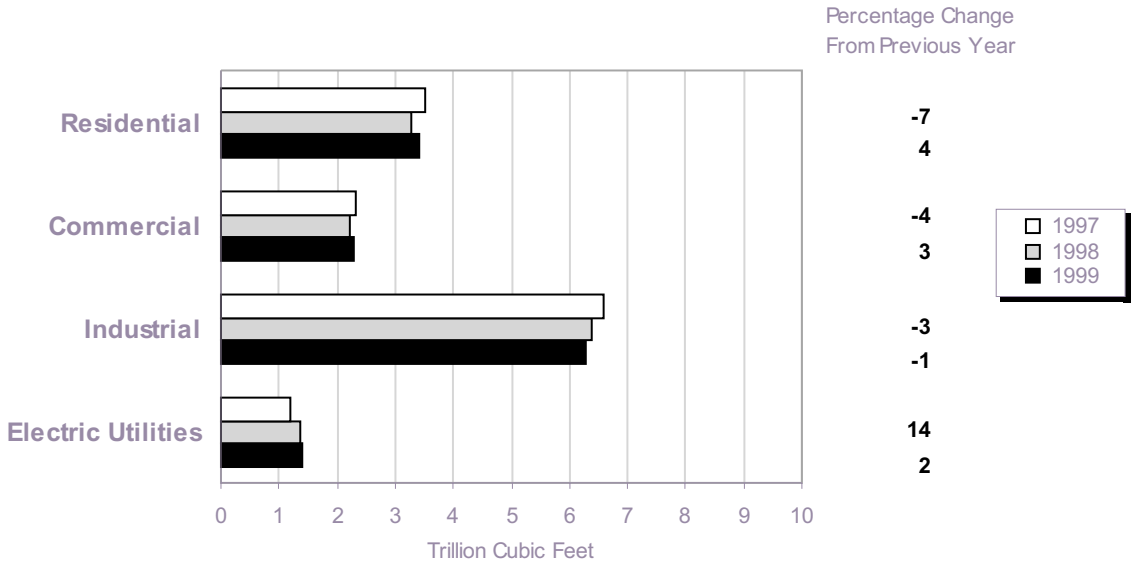
Residential and commercial natural gas prices[1] for January through June 1999 are estimated to be $6.29 and $5.21 per thousand cubic feet, respectively. These levels are $0.35 (5 percent) and $0.33 (6 percent) lower than in 1998, respectively. The average prices paid for natural gas by industrial users each month in 1999 have been from 10 to 19 percent lower than in 1998. The cumulative average industrial price for the first half of the year is estimated to be $2.83 per thousand cubic feet, $0.52 per thousand cubic feet (16 percent) lower than in 1998.

Estimated prices paid for natural gas by electric utilities are available through May 1999. Monthly prices had been from 10 to 17 percent below those of 1998, but the estimate of $2.48 per thousand cubic feet for May 1999 is $0.01 above the May 1998 price. Cumulatively through May 1999, electric utilities paid an average of $2.29 per thousand cubic feet for natural gas, $0.25 per thousand cubic feet (10 percent) less than in 1998.

The natural gas futures settlement price at the Henry Hub for the nearby month contract generally rose from late July through late August, peaking at $3.064 per million Btu on August 23, 1999 (Figure HI5). Prices during September (on the October delivery contract) have been more variable, with two periods of decline each followed by increasing prices. The settlement price on September 24, 1999 was $2.630 per million Btu (the latest data available for this publication).

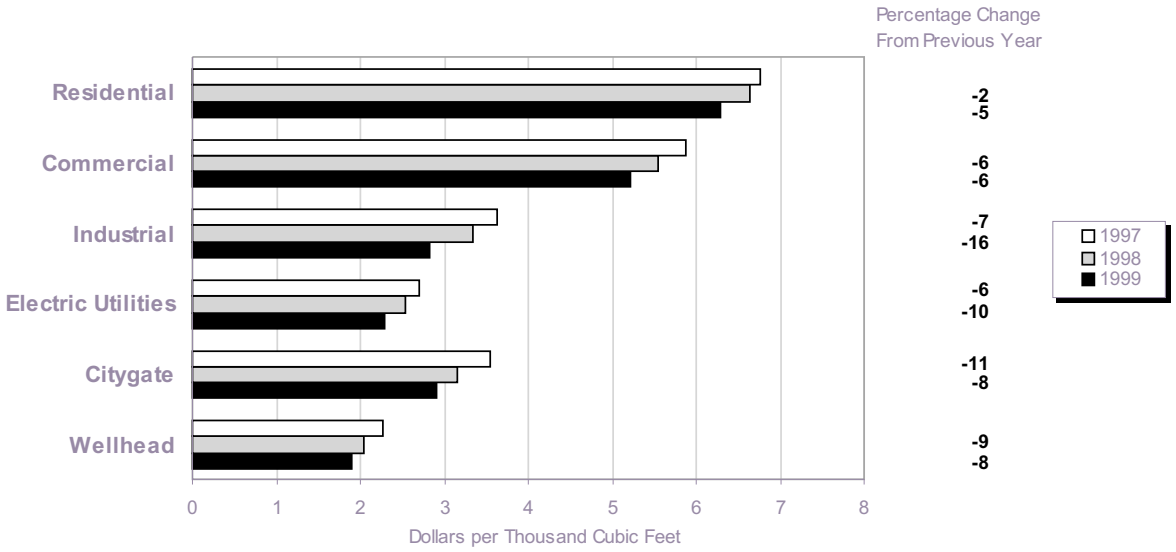
1 End-use prices in the residential, commercial, and industrial sectors are for onsystem gas sales only. While monthly onsystem sales are nearly 100 percent of residential deliveries, during 1999 they have ranged from 58 to 72 percent of commercial deliveries and only 16 to 18 percent of industrial deliveries (Table 4).

Figure HI3. Natural Gas Delivered to Consumers, January-September, 1997-1999



Note: Electric utilities reflect January-June deliveries.
Source: Table 3.

Figure HI4. Average Delivered and Wellhead Natural Gas Prices, January-June, 1997-1999



Note: Commercial and industrial average prices reflect onsystem sales only. The reporting of electric utility prices is 1 month behind the reporting of other prices.
Source: Table 4.

Figure HI5. Daily Futures Settlement Prices at the Henry Hub

Note: The future price is for the nearby month contract, that is, for the next contract to terminate trading. Contracts are traded on the New York Mercantile Exchange. April 1 is the beginning of the natural gas storage refill season. November 1 is the beginning of the heating season.
Source: Commodity Futures Trading Commission, Division of Economic Analysis.